

Annual Financial Statements

for

MIER MUNICIPALITY

for the year ended 30 June: **2010**

Province:

Northern Cape

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Acting Municipal Manager: MR. IVAN VAN WYK

Name of Chief Financial Officer: MR. ELRICO MOUTON

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Irene Mathatho

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MIER MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

General information

Members of the Council

Me. S Coetzee	Mayor
Me. S Coetzee	Speaker
Mr. N Joseph	Member of the Executive Committee
Me. KW Dodds	Member of the Executive Committee
Mr. BJ Snyders	Member of the Executive Committee
Mr. PJJ Smith	Member of the Executive Committee
	<i>(insert rows if necessary)</i>

Municipal Manager

MR. IVAN VAN WYK

Chief Financial Officer

MR. ELRICO MOUTON

Grading of Local Authority

GRADE B

Auditors

Auditor-General

Bankers

Standard Bank

MIER MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

General information (continued)

Registered Office:

Mier Municipality

Physical address:

63 Loubosweg
Mier
Rietfontein

Postal address:

PO Box 178
Mier
8811

Telephone number:

054 531 0928

Fax number:

054 531 0019

E-mail address:

miermun@lantic.net

MIER MUNICIPALITY
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Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 59, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 34 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Acting Municipal Manager:

DATE

MIER MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

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MIER MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2010

	Note	2010 R	2009 R
ASSETS			
Current assets			
Cash and cash equivalents	1	245	245
Trade and other receivables from exchange transactions	2	6 906 797	6 710 896
Other receivables from non-exchange transactions	3	55 995	154 021
Other current financial assets	4	-	-
Inventories	5	-	-
Prepayments	6	-	-
Investments	7	29 766	30 345
Current portion of receivables	8	-	-
VAT receivable	18	511 030	810 412
Construction contracts and receivables	9	-	-
Non-current assets held for sale	15	-	-
Non-current assets			
Non-current receivables	8	-	-
Investments	10	-	-
Other non-current financial assets	4	-	-
Property, plant and equipment	11	148 871 405	145 276 837
Intangible assets	12	-	-
Investment property carried at cost	13	-	-
Investment property carried at fair value	13	-	-
Biological assets	14	-	-
Defined benefit plan asset	52	-	-
Total assets		156 375 240	152 982 755
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	16	3 299 569	3 704 718
Consumer deposits	17	-	-
Taxes and transfers payable (non-exchange)	19	-	-
Current provisions	20	889 695	147 922
Bank overdraft	1	521 627	313 551
Current portion of unspent conditional grants and receipts	21	2 646 340	193 869
Current portion of borrowings	22	253 888	-
Current portion of finance lease liability	23	-	-
Other current financial liabilities	24	-	-
Non-current liabilities			
Non-current unspent conditional grants and receipts	21	-	-
Non-current borrowings	22	920 289	870 057
Non-current finance lease liability	23	-	-
Other non-current financial liabilities	24	-	-
Non-current provisions	25	-	-
Defined benefit plan obligations	53	-	-
Total liabilities		8 531 407	5 230 117
Net assets		147 843 832	147 752 638
NET ASSETS			
Reserves		-	-
Accumulated surplus / (deficit)		147 843 832	147 752 638
Total net assets		147 843 832	147 752 638

MIER MUNICIPALITY STATEMENT OF FINANCIAL PERFORMANCE for the year ending 30 June 2010			
	Note	2010 R	2009 R
Revenue			
Property rates	26	712 417	769 944
Property rates - penalties imposed and collection charges	26	-	-
Service charges	27	2 372 112	2 457 349
Rental of facilities and equipment	28	212 546	228 949
Interest earned - external investments	29	-	-
Interest earned - outstanding receivables	30	-	-
Fines		-	-
Licences and permits		-	-
Government grants and subsidies	31	11 386 822	10 569 746
Public contributions and donations	32	-	-
Other income	32	444 986	1 393 185
Total revenue		15 128 882	15 419 174
Expenses			
Employee related costs	33	5 803 561	3 795 279
Remuneration of councillors	34	1 167 964	1 092 934
Bad debts		2 000 000	-
Collection costs		-	-
Depreciation and amortisation expense	35	1 032 431	-
Repairs and maintenance		683 196	626 392
Finance costs	36	39 406	225 426
Bulk purchases	37	-	-
Contracted services	38	-	-
Grants and subsidies paid	39	-	-
General expenses	40	4 666 448	7 871 762
Total expenses		15 393 006	13 611 793
Gain / (loss) on sale of assets	41	-	-
(Impairment loss) / Reversal of impairment loss	42	-	-
Profit / (loss) on fair value adjustment	43	-	-
Correction of previous years errors		-	-
Inventories: (Write-down) / reversal of write-down to net realisable value	5	-	-
Surplus / (deficit) for the period		(264 124)	1 807 381

MIER MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2010

	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
Note	R	R	R	R	R
Balance at 30 June 2008	-		-	-	-
Changes in accounting policy	47				-
Correction of prior period error	48				-
Restated balance	-	-	-	-	-
Surplus / (deficit) on revaluation of property of property, plant and equipment					-
Other items					-
Other items					-
Net gains and losses not recognised in the statement of financial performance					-
Transfers to / from accumulated surplus/(deficit)					-
Surplus / (deficit) for the period				1 807 381	1 807 381
Balance at 30 June 2009	-	-	-	1 807 381	1 807 381
Surplus / (deficit) on revaluation of property of property, plant and equipment					-
Other items					-
Other items					-
Net gains and losses not recognised in the statement of financial performance					-
Transfers to / from accumulated surplus/(deficit)					-
Surplus / (deficit) for the period				(264 124)	(264 124)
Balance at 30 June 2010	-	-	-	1 543 257	1 543 257

MIER MUNICIPALITY
CASH FLOW STATEMENT

as at 30 June 2010

	Note	2010 R	2009 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		15 128 882	-
Taxation		712 417	
Sales of goods and services		2 584 658	
Grants		11 386 822	
Interest received			
Other receipts		444 986	
Payments		10 406 416	-
Employee costs		6 971 525	
Suppliers		1 513 482	
Interest paid		39 406	
Other payments		1 882 003	
Net cash flows from operating activities	44	4 722 467	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(4 627 000)	
Proceeds from sale of fixed assets			
Proceeds from sale of investments		578	
Purchase of foreign currency securities			
Net cash flows from investing activities		(4 626 421)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		(454 037)	
Repayment of borrowings		149 917	
Proceeds from finance lease liability			
Repayment of finance lease liability			
Net cash flows from financing activities		(304 120)	-
Net increase / (decrease) in net cash and cash equivalents		(208 075)	-
Net cash and cash equivalents at beginning of period		(313 551)	-
Net cash and cash equivalents at end of period	45	(521 627)	-

INFORMATION PURPOSES ONLY - DO NOT PRINT

Examples of operating activities

- a) cash receipts from taxes, levies and fines;
- (b) cash receipts from charges for goods and services provided by the entity;
- (c) cash receipts from grants or transfers and other appropriations or other budget authority made by national government or other entities;
- (d) cash receipts from royalties, fees, commissions and other revenue;
- (e) cash payments to other entities to finance their operations (not including loans);
- (f) cash payments to suppliers for goods and services;
- (g) cash payments to and on behalf of employees;
- (h) cash receipts and cash payments of an insurance entity for premiums and claims, annuities and other policy benefits;
- (i) cash payments of local property taxes or income taxes (where appropriate) in relation to operating activities;
- (j) cash receipts and payments from contracts held for dealing or trading purposes;
- (k) cash receipts or payments from discontinuing operations; and
- (l) cash receipts or payments in relation to litigation settlements.

Examples of Investing Activities

- (a) cash payments to acquire property, plant and equipment, intangibles and other long-term assets. These payments include those relating to capitalised development costs and self-constructed property, plant and equipment;
- (b) cash receipts from sales of property, plant and equipment, intangibles and other long-term assets;
- (c) cash payments to acquire equity or debt instruments of other entities and interests in joint ventures (other than payments for those instruments considered to be cash equivalents or those held for dealing or trading purposes);
- (d) cash receipts from sales of equity or debt instruments of other entities and interests in joint ventures (other than receipts for those instruments considered to be cash equivalents and those held for dealing or trading purposes);
- (e) cash advances and loans made to other parties (other than advances and loans made by a public financial institution);
- (f) cash receipts from the repayment of advances and loans made to other parties (other than advances and loans of a public financial institution);
- (g) cash payments for futures contracts, forward contracts, option contracts and swap contracts, except
- (h) cash receipts from futures contracts, forward contracts, option contracts and swap contracts, except

Examples of Financing Activities

- a) cash proceeds from issuing debentures, loans, notes, bonds, mortgages and other short or long-term borrowings;
- (b) cash repayments of amounts borrowed; and
- (c) cash payments by a lessee for the reduction of the outstanding liability relating to a finance lease.

MIER MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2010

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

In accordance with section 122(3) of the Municipal Finance Management Act (Act 56 of 2003), the Municipality has adopted the Standards of GAMAP and GRAP issued by the Accounting Standards Board during the financial year. GAMAP and GRAP standards are fundamentally different to the fund accounting policies, adopted in previous years. Comparative amounts have been restated retrospectively to the extent possible. The effect of change in accounting policy arising from implementation of GAMAP and GRAP is set out in Note 47.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET

1.5 EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued March 2005
GRAP 21 Impairment of non-cash-generating assets
GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
GRAP 26 Impairment of cash-generating assets
GRAP 103 Heritage Assets - issued July 2008

In terms of Directive 4: "Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

GRAP 12- Inventories;
GRAP 13- Leases;
GRAP 16- Investment Property;
GRAP 17- Property, Plant and Equipment;
GRAP 19- Provisions, Contingent Liabilities and Contingent Assets;
GRAP 100- Non-current Assets Held for Sale and Discontinued Operations;
GRAP 102- Intangible Assets.

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

2.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	Years	Other	
Roads and Paving	10-30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10-20
Electricity	20-30	Other vehicles	5-7
Water	15-30	Office equipment	3-7
Sewerage	15-30	Furniture and fittings	7-10
		Watercraft	15
Community		Bins and containers	5
Buildings	10-30	Specialised plant and equipment	10-15
Recreational Facilities	10-30	Other items of plant and equipment	2-5
Security	10-30	Landfill sites	15
Halls	10-30	Quarries	25
Libraries	10-30	Emergency equipment	5-15
Parks and gardens	10-30	Computer equipment	5
Other assets	10-30		
Heritage assets			
Buildings	10-30		
Paintings and artifacts	10-30		
Finance lease assets			
Office equipment	10-30		
Other assets	10-30		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5 Years
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

5 BIOLOGICAL ASSETS

5.1 INITIAL RECOGNITION

A biological asset or agricultural produce is recognised when, and only when:

- the municipality controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the municipality;
- and the fair value or cost of the asset can be measured reliably.

5.2 SUBSEQUENT MEASUREMENT

Biological assets are measured at their fair value less estimated point-of-sale costs.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic

A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the sale of the asset is used. An unconditional government grant related to a biological asset measured at its fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises. Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated

6 NON-CURRENT ASSETS HELD FOR SALE

6.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

6.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

7 INVENTORIES

7.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

7.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

8 FINANCIAL INSTRUMENTS

8.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

8.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

8.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

8.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

8.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

9 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The municipality exercises judgement in the context of all available information to determine if it has significant influence over an investee.

The equity method involves recognising the investment initially at cost, then adjusting for any change in the investor's share of net assets of the associate since it acquired it. A single line-item in the Statement of Financial Performance presents the investor's share of the associate's surplus or deficit for the year.

The municipality commences accounting for an investment in an associate from the date that significant influence exists and discontinues the application of the equity method when it no longer has significant influence over an associate. Investments that are retained in whole or in part are subsequently accounted for in accordance with the accounting policies on subsidiaries, joint ventures or financial instruments depending on the nature of the retained investment.

The municipality uses the most recent available financial statements of the associate in applying the equity method. Where the reporting periods of the associate and the municipality are different, separate financial statements for the same period are prepared by the associate unless it is impracticable to do so. When the reporting dates are different, the municipality makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the municipality.

10 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

municipality has a detailed formal plan for the restructuring identifying at least:	(a) The
business or part of a business concerned;	- the
principal locations affected;	- the
location, function, and approximate number of employees who will be compensated for terminating their services;	- the
- the expenditures that will be undertaken; and	- when
the plan will be implemented; and	

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

14 LEASES

14.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

14.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

15 REVENUE

15.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

15.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

15.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

16 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

17 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

Insert defined contribution plan information here

Insert defined benefit plan information here.

18 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by *the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs*

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

19 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

20 CONTINGENT LIABILITIES

All known contingent liabilities are reflected in the financial statements

21 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand			
Cash at bank			
Call deposits			
		(521 627)	(328 586)
The Municipality has the following bank accounts: -			
<u>Current Account (Primary Bank Account)</u>			
Standard Bank - 04 068 109 2 Cheque Account		(521 627)	
Cash book balance at beginning of year		(328 586)	
Cash book balance at end of year		(521 627)	(328 586)
Bank statement balance at beginning of year		-	
Bank statement balance at end of year		-	
<u>Call accounts</u>			
892 STANDARD BANK DAGGELD 048632074002		11 940	1 942
936 STANLIB GELDMARK 0544 9132 8 14 LGTF		1 709	1 597
936 STANLIB GELDMARK 0544 9132 8 14 LGTF		686	641
938 STANLIB GELDMARK 054 9126 3 14 SANITASIE		690	645
939 ABSA 32 DAE 90 827 46429 RAMPHUISE		-	7 151
942 ABSA 40 6114 5178 JCT MIER		14 435	16 249
943 ABSA 40 6114 4936 JCT- KHOMANI SAN		307	2 121
Cash book balance at beginning of year		29 766	30 345
Cash book balance at end of year		-	-
Bank statement balance at beginning of year		-	
Bank statement balance at end of year		-	
<u>Savings Account</u>			
Absa Bank - 40 514 555 93 Electricity Project		245	245
Cash book balance at beginning of year		-	
Cash book balance at end of year		-	-
Bank statement balance at beginning of year		-	
Bank statement balance at end of year		-	
<u>Cash on hand</u>		-	-
Total cash and cash equivalents		-	(15 035)
Total bank overdraft		(521 627)	(313 551)

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS			
<u>Trade receivables</u>			
as at 30 June 2010			
Service debtors			
Rates	2 815 872	(1 089 140)	1 726 732
Electricity	-	-	-
Water	3 582 170	(1 385 533)	2 196 637
Sewerage	2 118 632	(819 457)	1 299 175
Refuse	2 404 746	(930 122)	1 474 624
Old debts	341 853	(132 224)	209 629
Other Debtors			
Total	11 263 274	(4 356 477)	6 906 797
as at 30 June 2009			
Service debtors			
Rates	2 244 036	(583 192)	1 660 844
Electricity	-	-	-
Water	2 976 610	(773 577)	2 203 033
Sewerage	1 664 510	(432 582)	1 231 928
Refuse	1 804 067	(468 851)	1 335 217
Old Debt	378 149	(98 275)	279 873
Total	9 067 372	(2 356 477)	6 710 896
<u>Other receivables</u>			
Other receivables			
<u>Rates: Ageing</u>			
Current (0 – 30 days)	Debiteure lys		
31 - 60 Days			
61 - 90 Days			
91 - 120 Days			
121 - 365 Days			
+ 365 Days			
Total		-	-
<u>Electricity, Water and Sewerage: Ageing</u>			
Current (0 – 30 days)	Debiteure lys		
31 - 60 Days			
61 - 90 Days			
91 - 120 Days			
121 - 365 Days			
+ 365 Days			
Total		-	-
<u>Summary of Debtors by Customer Classification</u>			
	Consumers	Industrial / Commercial	National and Provincial Government
	R	R	R
as at 30 June 2010			
Current (0 – 30 days)	115 405		6 648
31 - 60 Days	190 572		18 747
61 - 90 Days	203 637		2 581
91 - 120 Days	187 895		5 637
121 - 365 Days	10 488 870		314 636
+ 365 Days			
Sub-total	11 186 379	-	348 249
Less: Provision for doubtful debts	(4 356 477)		
Total debtors by customer classification	6 829 902	-	348 249
as at 30 June 2009			
Current (0 – 30 days)			
31 - 60 Days			
61 - 90 Days			
91 - 120 Days			
121 - 365 Days			
+ 365 Days			
Sub-total	-	-	-

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
Less: Provision for doubtful debts	(2 356 477)		
Total debtors by customer classification	(2 356 477)	-	-

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note	2010 R	2009 R
2 Reconciliation of the doubtful debt provision		
Balance at beginning of the year	(2 356 477)	(2 356 477)
Contributions to provision	(2 000 000)	-
Doubtful debts written off against provision	-	-
Reversal of provision	-	-
Balance at end of year	(4 356 477)	(2 356 477)

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 20x1, R - (20x0: R -) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due

2 months past due

3 months past due

Verwys na debiteure lys

Trade and other receivables impaired

As of 30 June 20x1, trade and other receivables of R - (20x0: R -) were impaired and provided for.

The amount of the provision was R - as of 30 June 20x1 (20x0: R -).

The ageing of these receivables is as follows:

3 to 6 months

Over 6 months

The fair value of trade and other receivables approximates their carrying amounts.

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Insurance claims	-	-
Subsidies	-	-
Road reinstatements	-	-
Unauthorized expenditure (see Note 50:1)	-	-
Other debtors	55 995	154 021
Prepayments (if not material)	-	-
Total Other Debtors	55 995	154 021

[Notes1-10\A686](#)

4 OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets	-	-
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4 OTHER CURRENT FINANCIAL ASSETS

Other current financial assets	-	-
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5 INVENTORIES

Opening balance of inventories:

Consumable stores - at cost	-	-
Maintenance materials - at cost	-	-
Spare parts - at net realisable value	-	-
Other goods held for resale - at cost	-	-
Water	-	-

Additions:

Consumable stores	-	-
Maintenance materials	-	-
Spare parts	-	-
Other goods held for resale	-	-
Water	-	-

Issued (expensed):

Consumable stores	-	-
Maintenance materials	-	-
Spare parts	-	-
Other goods held for resale	-	-
Water	-	-

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net		-	-
5 Replacement Cost (NRC):			
Consumable stores		-	-
Maintenance materials		-	-
Spare parts		-	-
Other goods held for resale		-	-
Water		-	-
Closing balance of inventories:		-	-
Consumable stores		-	-
Maintenance materials		-	-
Spare parts		-	-
Other goods held for resale		-	-
Water		-	-
Included in inventory is an amount of Rxxx pledged as security for xxx.			
Circumstances or events that led to the reversal of a write-down of inventories:			
6 PREPAYMENTS			
Prepaid expenses			-
Insurance for one months relating to following financial year, were paid in the current year.			
7 INVESTMENTS			
Deposits		-	-
Call investments		29 766	30 345
		29 766	30 345
Fixed deposits amounting to Rxxx (20X0: Rxxx) have been ring-fenced for the purposes of repaying long-term liabilities as sent out in Note 36.			
8 NON-CURRENT RECEIVABLES			
Car loans		-	-
Staff loans		-	-
Housing selling scheme loans		-	-
Other non-current receivables		-	-
Less : Current portion transferred to current receivables		-	-
Car loans		-	-
Staff loans		-	-
Housing selling scheme loans		-	-
Other non-current receivables		-	-
Total		-	-
CAR LOANS			
terms and conditions			
STAFF LOANS			
terms and conditions			
HOUSING SELLING SCHEME LOANS			
terms and conditions			
OTHER LONG TERM LOANS			
terms and conditions			

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
9 CONSTRUCTION CONTRACT RECEIVABLES			
Contracts in progress at reporting date:			
Construction contract receivables		-	-
<p>Advances received in excess of work completed are included in trade and other payables.</p> <p>At 30 June 20x1, contract debtors of R - (20x0: R -) are due for settlement after more than 12 months.</p> <p>Contract debtors were pledged as security for overdraft facilities of R - (20x0: R -) of the municipality. At year end the overdraft amounted to R - (20x0: R -).</p>			
10 INVESTMENTS			
<u>Financial Instruments</u>			
Fixed Deposits		-	-
Listed Investments		-	-
Other Investments		-	-
Pledged Investments		-	-
<p>A fixed deposit amounting to Rxxx has been invested with xxx Bank as security for the lease of a sewerage purification plant.</p>			

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

11 PROPERTY, PLANT AND EQUIPMENT

11.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2009	130 888 000	-	9 175 811	3 780 000	-	1 433 026	-	145 276 837
Cost/Revaluation	130 888 000	-	17 779 428	3 780 000	-	3 603 492	-	156 050 920
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	-	-	(8 603 617)	-	-	(2 170 466)	-	(10 774 083)
Acquisitions	-	-	-	-	-	-	-	-
Capital under Construction	-	-	1 630 632	2 996 368	-	-	-	4 627 000
Depreciation	-	-	(843 205)	-	-	(189 227)	-	(1 032 431)
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
as at 30 June 2010	130 888 000	-	9 963 238	6 776 368	-	1 243 799	-	148 871 405
Cost/Revaluation	130 888 000	-	19 410 060	6 776 368	-	3 603 492	-	160 677 920
Accumulated depreciation and impairment losses	-	-	(9 446 822)	-	-	(2 359 692)	-	(11 806 515)

*Other movements consist of

Refer to Appendix B for more detail on property, plant and equipment

[App B!A1](#)

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

11.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2008	130 888 000	-	9 175 811	3 780 000	-	706 707	-	144 550 517
Cost/Revaluation	130 888 000	-	17 779 428	3 780 000	-	2 877 173	-	155 324 601
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	-	-	(8 603 617)	-	-	(2 170 466)	-	(10 774 083)
Acquisitions	-	-	-	-	-	726 319	-	726 319
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
as at 30 June 2009	130 888 000	-	9 175 811	3 780 000	-	1 433 026	-	145 276 837
Cost/Revaluation	130 888 000	-	17 779 428	3 780 000	-	3 603 492	-	156 050 920
Accumulated depreciation and impairment losses	-	-	(8 603 617)	-	-	(2 170 466)	-	(10 774 083)

*Other movements consist of

Refer to Appendix B for more detail on property, plant and equipment [App B!A1](#)

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
11.2 Property, plant and equipment pledged as security			
Asset 1			
Terms and conditions			
Asset 2			
Terms and conditions			
11.3 Capitalised expenditure			
Asset 1			
Asset 2			
Asset 3			
		-	-
11.4 Compensation received for losses on property, plant and equipment – included in operating surplus			
Asset 1			
Asset 2			
Asset 3			
		-	-
11.5 Details of valuation			
<p>The effective date of the revaluations was x. Revaluations were performed by an independent valuer, Mr Botha [specify qualifications], of Messrs Botha and Rudd. Botha and Rudd are not connected to the entity.</p> <p>Land and buildings are re-valued independently every x years.</p> <p>The valuation was performed using the discounted cash flow approach (other, describe, e.g. recent arms length transaction), and the following assumptions were used:</p> <p>Discount rate</p> <p>Other</p> <p>Other</p> <p>These assumptions are based on current market conditions.</p> <p>The carrying value of the revalued assets under the cost model would have been:</p>			
Asset 1			
Asset 2			
Asset 3			

-	-
-	-

11.6 Other information

Carrying value of idle property, plant and equipment
 Fully depreciated property, plant and equipment still in use
 Property, plant and equipment retired from active use, but not classified as held for sale
 Fair value of property, plant and equipment carried at cost

-	-
-	-

11.7 Details of property

Property X

Terms and conditions
 Purchase price: date
 Additions since purchase
 Capitalised expenditure

-	-
-	-

Property Y

Terms and conditions
 Purchase price: date
 Additions since purchase
 Capitalised expenditure

-	-
-	-

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
12 INTANGIBLE ASSETS			
12.1 Reconciliation of carrying value			
	Computer Software R	Other* R	Total R
as at 1 July 2009	-	-	-
Cost	-	-	-
Correction of error (note 48)	-	-	-
Change in accounting policy (note 47)	-	-	-
Accumulated amortisation and impairment losses	-	-	-
Acquisitions	-	-	-
Amortisation	-	-	-
Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated amortisation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2010	-	-	-
Cost	-	-	-
Accumulated amortisation and impairment losses	-	-	-

*Note: "Other" consists of....., none of which are considered to be individually significant or material.

12.1 Reconciliation of carrying value	Computer Software R	Other* R	Total R
as at 1 July 2008	-	-	-
Cost	-	-	-
Correction of error (note 48)	-	-	-
Change in accounting policy (note 47)	-	-	-
Accumulated amortisation and impairment losses	-	-	-
Acquisitions	-	-	-
Amortisation	-	-	-
Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated amortisation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2009	-	-	-
Cost	-	-	-
Accumulated amortisation and impairment losses	-	-	-

*Note: "Other" consists of....., none of which are considered to be individually significant or material.

- 12.2** Intangible assets with indefinite useful lives (disclose the following);
- Carrying amount;
Reasons for supporting the assessment of the useful life as indefinite;
Description of the factor(s) that played a significant role in determining that the asset has an indefinite useful life.

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
13 INVESTMENT PROPERTY CARRIED AT COST			
13.1 Reconciliation of carrying value			
	Investment property X R	Investment property Y R	Total R
as at 1 July 2009	-	-	-
Cost	-	-	-
Correction of error (note 48)	-	-	-
Change in accounting policy (note 47)	-	-	-
Accumulated depreciation and impairment losses	-	-	-
Acquisitions	-	-	-
Depreciation	-	-	-
Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated depreciation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2010	-	-	-
Cost	-	-	-
Accumulated depreciation and impairment losses	-	-	-
13.1 Reconciliation of carrying value			
	Investment property R	Investment property R	Total R
as at 1 July 2008	-	-	-
Cost	-	-	-
Correction of error (note 48)	-	-	-
Change in accounting policy (note 47)	-	-	-
Accumulated depreciation and impairment losses	-	-	-
Acquisitions	-	-	-
Depreciation	-	-	-
Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated depreciation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2009	-	-	-
Cost	-	-	-
Accumulated depreciation and impairment losses	-	-	-
13.2 Investment property pledged as security			
13.3 Fair value of investment property carried at cost:			

Other
These assumptions are based on current market conditions.

- 13.4 If the fair value can not be determined, the following should be disclosed:**
- Description of the investment property;
Explanation of why the fair value can not be determined reliably;
If possible, the range of estimates within which the fair value is highly likely to lie.

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
13.5 Details of property:			
Investment property			
Terms and conditions			
Purchase price: date			
Additions since purchase			
Capitalised expenditure			
		-	-
Investment property			
Terms and conditions			
Purchase price: date			
Additions since purchase			
Capitalised expenditure			
		-	-
13.6 Rental income from investment property			
Direct operating expenses from rental generating property			
Direct operating expenses from non-rental generating property			

13 INVESTMENT PROPERTY CARRIED AT FAIR VALUE

	Investment property R	Investment property R	Total R
as at 1 July 2009	-	-	-
Acquisitions	-	-	-
Fair value adjustment	-	-	-
Fair value of disposals	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2010	-	-	-

	Investment property R	Investment property R	Total R
as at 1 July 2008	-	-	-
Acquisitions	-	-	-
Fair value adjustment	-	-	-
Fair value of disposals	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2009	-	-	-

13.2 Investment property pledged as security

13.3 Details of property

Investment property		
Terms and conditions		
Purchase price: date		
Additions since purchase		
Capitalised expenditure		
	-	-
Investment property		
Terms and conditions		
Purchase price: date		
Additions since purchase		
Capitalised expenditure		

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note	2010 R	2009 R
	-	-

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
13.3			
Rental income from investment property			
Direct operating expenses from rental generating property			
Direct operating expenses from non-rental generating property			

13.4 Details of valuation

13.5 Amounts recognised in surplus or deficit for the year.

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

14 BIOLOGICAL ASSETS

14.1 Reconciliation of Carrying Value	Trees in plantation R	Maize R	Wheat R	Sheep R	Pigs R	Dairy Cattle R	Other Assets R	Total R
as at 1 July 2009	-	-	-	-	-	-	-	-
Cost/Valuation	-	-	-	-	-	-	-	-
Correction of error (note 46)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-
Decrease due to harvest/sales	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Gains/losses from changes in fair value	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Valuation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
as at 30 June 2010	-	-	-	-	-	-	-	-
Cost/Valuation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-

* Other movements consist of

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

14.1 Reconciliation of Carrying Value	Trees in plantation R	Maize R	Wheat R	Sheep R	Pigs R	Dairy Cattle R	Other Assets R	Total R
as at 1 July 2008	-	-	-	-	-	-	-	-
Cost/Valuation	-	-	-	-	-	-	-	-
Correction of error (note 46)	-	-	-	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-
Decrease due to harvest/sales	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Gains/losses from changes in fair value	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Valuation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
as at 30 June 2009	-	-	-	-	-	-	-	-
Cost/Valuation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-

* Other movements consist of

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
14.2 Non-financial information			
Quantities of each biological asset			
Trees in plantation			
Maize			
Wheat			
Sheep			
Pigs			
Dairy Cattle			
Other Assets			
14.3 Biological assets pledged as security			
Asset 1			
Terms and conditions			
Asset 2			
Terms and conditions			
14.4 Assets carried at cost and accumulated depreciation and impairment losses			
Describe the biological carried at cost less accumulated depreciation and impairment losses.			
Explain why fair value cannot be determined.			
Disclose potential range of fair values of assets carried at cost.			
14.5 Methods and assumptions used in determining the fair value			
Fair value less estimated point-of-sale costs of agricultural produce harvested			
14.6 during the period, determined at the point of harvest			

MIER MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land	130 888 000	-	-		130 888 000				-	-	-	-	130 888 000
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-
	130 888 000	-	-	-	130 888 000	-	-	-	-	-	-	-	130 888 000
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure													
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	9 180 000	-	-	-	9 180 000	(4 590 000)	(459 000)	-	-	(5 049 000)	-	-	4 131 000
Sewerage Mains & Purification	2 468 500	-	-	-	2 468 500	(1 245 880)	(82 283)	-	-	(1 328 163)	-	-	1 140 337
Electricity Mains	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	1 046 800	-	-	437 920	1 484 720	(523 400)	(52 340)	-	-	(575 740)	-	-	908 980
Reservoirs – Water	4 652 500	-	-	805 904	5 458 404	(2 034 995)	(228 000)	-	-	(2 262 995)	-	-	3 195 409
Water Meters	431 628	-	-	386 808	818 436	(209 342)	(21 581)	-	-	(230 924)	-	-	587 512
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-
	17 779 428	-	-	1 630 632	19 410 060	(8 603 617)	(843 205)	-	-	(9 446 822)	-	-	9 963 238
Community Assets													
Parks & Gardens	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	2 155 000	-	-	2 996 368	5 151 368	-	-	-	-	-	-	-	5 151 368
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Halls	1 620 000	-	-	-	1 620 000	-	-	-	-	-	-	-	1 620 000
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	5 000	-	-	-	5 000	-	-	-	-	-	-	-	5 000
	3 780 000	-	-	2 996 368	6 776 368	-	-	-	-	-	-	-	6 776 368
Heritage Assets													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	152 447 428	-	-	4 627 000	157 074 428	(8 603 617)	(843 205)	-	-	(9 446 822)	-	-	147 627 606

MIER MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	152 447 428	-	-	4 627 000	157 074 428	(8 603 617)	(843 205)	-	-	(9 446 822)	-	-	147 627 606
Other Assets													
Office Equipment	100 050	-	-	-	100 050	(77 483)	(9 304)	-	-	(86 787)	-	-	13 263
Furniture & Fittings	23 250	-	-	-	23 250	(16 394)	(3 327)	-	-	(19 721)	-	-	3 529
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	632 000	-	-	-	632 000	(527 998)	(52 000)	-	-	(579 998)	-	-	52 002
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	726 319	-	-	-	726 319	-	-	-	-	-	-	-	726 319
Computer Equipment	226 873	-	-	-	226 873	(204 783)	-	-	-	(204 783)	-	-	22 090
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	1 895 000	-	-	-	1 895 000	(1 343 809)	(124 595)	-	-	(1 468 404)	-	-	426 596
	3 603 492	-	-	-	3 603 492	(2 170 466)	(189 227)	-	-	(2 359 692)	-	-	1 243 799
Finance Lease Assets													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	156 050 920	-	-	4 627 000	160 677 920	(10 774 083)	(1 032 431)	-	-	(11 806 515)	-	-	148 871 405

MIER MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2009

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land	130 888 000	-	-		130 888 000				-	-	-	-	130 888 000
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-
	130 888 000	-	-	-	130 888 000	-	-	-	-	-	-	-	130 888 000
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure													
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	9 180 000	-	-	-	9 180 000	(4 590 000)	-	-	-	(4 590 000)	-	-	4 590 000
Sewerage Mains & Purification	2 468 500	-	-	-	2 468 500	(1 245 880)	-	-	-	(1 245 880)	-	-	1 222 620
Electricity Mains	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	1 046 800	-	-	-	1 046 800	(523 400)	-	-	-	(523 400)	-	-	523 400
Reservoirs – Water	4 652 500	-	-	-	4 652 500	(2 034 995)	-	-	-	(2 034 995)	-	-	2 617 505
Water Meters	431 628	-	-	-	431 628	(209 342)	-	-	-	(209 342)	-	-	222 286
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-
	17 779 428	-	-	-	17 779 428	(8 603 617)	-	-	-	(8 603 617)	-	-	9 175 811
Community Assets													
Parks & Gardens	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	2 155 000	-	-	-	2 155 000	-	-	-	-	-	-	-	2 155 000
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Halls	1 620 000	-	-	-	1 620 000	-	-	-	-	-	-	-	1 620 000
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	5 000	-	-	-	5 000	-	-	-	-	-	-	-	5 000
	3 780 000	-	-	-	3 780 000	-	-	-	-	-	-	-	3 780 000
Heritage Assets													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	152 447 428	-	-	-	152 447 428	(8 603 617)	-	-	-	(8 603 617)	-	-	143 843 811

MIER MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2009

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	152 447 428	-	-	-	152 447 428	(8 603 617)	-	-	-	(8 603 617)	-	-	143 843 811
Other Assets													
Office Equipment	100 050	-	-	-	100 050	(77 483)	-	-	-	(77 483)	-	-	22 567
Furniture & Fittings	23 250	-	-	-	23 250	(16 394)	-	-	-	(16 394)	-	-	6 856
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	632 000	-	-	-	632 000	(527 998)	-	-	-	(527 998)	-	-	104 002
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	726 319	-	-	726 319	-	-	-	-	-	-	-	726 319
Computer Equipment	226 873	-	-	-	226 873	(204 783)	-	-	-	(204 783)	-	-	22 090
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	1 895 000	-	-	-	1 895 000	(1 343 809)	-	-	-	(1 343 809)	-	-	551 191
	2 877 173	726 319	-	-	3 603 492	(2 170 466)	-	-	-	(2 170 466)	-	-	1 433 026
Finance Lease Assets													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	155 324 601	726 319	-	-	156 050 920	(10 774 083)	-	-	-	(10 774 083)	-	-	145 276 837

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	2010 R	2009 R
15 NON-CURRENT ASSETS HELD FOR SALE		
Property, plant and equipment	-	-
Investment property	-	-
Other assets	-	-
	<u>-</u>	<u>-</u>

State details on non-current assets held for sale including description of the assets and the facts and circumstances that resulted in it being classified as such.

16 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade creditors	(3 299 569)	(3 704 718)
Payments received in advance	-	-
Retentions	-	-
Staff leave and bonus accrual	-	-
Accrued interest	-	-
Other creditors	-	-
Total creditors	<u>(3 299 569)</u>	<u>(3 704 718)</u>

The fair value of trade and other payables approximates their carrying amounts.

17 CONSUMER DEPOSITS

Electricity and Water	-	-
Accrued interest	-	-
Total consumer deposits	<u>-</u>	<u>-</u>

Included in deposits is an accrual of interest at an effective interest rate of x% per annum (20X0 x%) which is paid to consumers when deposits are refunded.

Guarantees held in lieu of Electricity and Water Deposits

18 VAT RECEIVABLE

VAT receivable	<u>511 030</u>	<u>810 412</u>
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VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

19 TAXES AND TRANSFERS PAYABLE (NON-EXCHANGE)

Taxes and transfers payable	<u>-</u>	<u>-</u>
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MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	2010 R	2009 R
20 PROVISIONS		
Performance bonus	-	-
Current portion of long-service provision (see note 25)	-	-
Provision for leave	(644 135)	(147 922)
Bonus provision	(245 560)	-
Total Provisions	(889 695)	(147 922)

The movement in current provisions are reconciled as follows: -

	Provision for Bonus	Provision for leave
as at 1 July 2009	-	(147 922)
Contributions to provision	(245 560)	(496 212)
Expenditure incurred	-	-
as at 30 June 2010	(245 560)	(644 135)

as at 1 July 2008	-	-
Contributions to provision	-	-
Expenditure incurred	-	-
as at 30 June 2009	-	-

	Current portion Long-service	Other provisions
as at 1 July 2009	-	-
Transfer from non-current	-	-
Contributions to provision	-	-
Expenditure incurred	-	-
as at 30 June 2010	-	-

21 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

21.1 Unspent Conditional Grants from other spheres of Government

MIG Grants	2 241 141	
FMG	395 900	46 891
MSIG	9 299	146 978

21.2 Other Unspent Conditional Grants and Receipts

Other		
Other		

Total Unspent Conditional Grants and Receipts	2 646 340	193 869
--	------------------	----------------

Non-current unspent conditional grants and receipts	-	-
Current portion of unspent conditional grants and receipts	(2 646 340)	(193 869)

See Note 31 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	2010 R	2009 R
22 BORROWINGS		
DBSA - TIP Loan	(1 174 177)	(870 057)
	<u>(1 174 177)</u>	<u>(870 057)</u>
Less : Current portion transferred to current liabilities	253 888	-
Local Registered Stock Loans	-	-
Annuity Loans	-	-
Government Loans : Other	-	-
Other borrowings	253 888	-
Total borrowings	<u>(920 289)</u>	<u>(870 057)</u>

Refer to Appendix A for more detail on borrowings.

23 FINANCE LEASE LIABILITY

2010

Amounts payable under finance leases

Within one year

Within two to five years

Less: Amount due for settlement within 12 months (current portion)

Future finance charges R	Present value of minimum lease payments R
-	-
-	-
<u>-</u>	<u>-</u>

The average lease term is x years and the average effective borrowing rate is x%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between x% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

2009

Amounts payable under finance leases

Within one year

Within two to five years

Less: Amount due for settlement within 12 months (current portion)

Future finance charges R	Present value of minimum lease payments R
-	-
-	-
<u>-</u>	<u>-</u>

The average lease term is x years and the average effective borrowing rate is x%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between x% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

24 OTHER FINANCIAL LIABILITIES

24.1 OTHER NON-CURRENT FINANCIAL LIABILITIES

Other non-current financial liabilities

-	-
---	---

24.2 OTHER CURRENT FINANCIAL LIABILITIES

Other current financial liabilities

-	-
---	---

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	2010 R	2009 R
25 NON-CURRENT PROVISIONS		
Provision for rehabilitation of landfill sites	-	-
Provision for long-service awards	-	-
Total Non-Current Provisions	<u>-</u>	<u>-</u>
26 PROPERTY RATES		
<u>Actual</u>		
Residential	712 417	-
Commercial	-	-
Light Industries	-	-
Heavy Industries	-	-
State	-	-
Total property rates	<u>712 417</u>	<u>-</u>
Property rates - penalties imposed and collection charges	-	-
Total	<u>712 417</u>	<u>-</u>
<u>Valuations</u>		
Residential	-	
Commercial	-	
State	-	
Municipal	-	
Total Property Valuations	<u>-</u>	<u>-</u>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009.

A general rate of R0.006 (2010) is applied to property valuations to determine assessment rates. Rebates of x% are granted to residential and state property owners. Rates are levied on an annual basis on property owners.

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	2010 R	2009 R
27 SERVICE CHARGES		
Sale of electricity	-	-
Sale of water	874 823	985 305
Refuse removal	840 971	-
Sewerage and sanitation charges	656 319	1 472 044
Total Service Charges	2 372 112	2 457 349
28 RENTAL OF FACILITIES AND EQUIPMENT		
Rental of facilities	212 546	228 949
Rental of equipment	-	-
Other rentals	-	-
Total rentals	212 546	228 949
29 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank		
Financial assets		
Other		
Total interest	-	-
30 INTEREST EARNED - OUTSTANDING RECEIVABLES		
Debtor 1		
Debtor 2		
Debtor 3		
Total interest	-	-
31 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	5 334 943	4 141 535
MIG Grant	3 415 859	3 244 055
Other Government Grants and Subsidies	2 636 020	3 184 156
Total Government Grant and Subsidies	11 386 822	10 569 746
31.1 Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R (2009: Rx), which is funded from the grant.		
	5 334 943	4 141 535
31.2 MIG Grant		
Balance unspent at beginning of year	-	
Current year receipts	3 415 859	
Conditions met - transferred to revenue	(3 415 859)	
Conditions still to be met - remain liabilities (see note 21)	-	-
31.3 Financial Management Grant		
Balance unspent at beginning of year	46 891	
Current year receipts	1 000 000	
Conditions met - transferred to revenue	(650 991)	
Conditions still to be met - remain liabilities (see note 21)	395 900	-
31.4 Changes in levels of government grants		
Based on the allocations set out in the Division of Revenue Act, (Act ...of 20X2), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	2010 R	2009 R
32 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS		
32.1 Other income	444 986	1 393 186
Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 50)	-	-
Total Other Income	444 986	1 393 186
32.1 Public contributions and donations	-	248 087
Public contributions - Conditional	-	-
Public contributions - Unconditional		
Donations		
Total public contributions and donations	-	248 087
Reconciliation of conditional contributions		
Balance unspent at beginning of year		
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities (see note 21)	-	-
33 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	-	4 888 213
Employee related costs - Contributions for UIF, pensions and medical aids	-	-
Travel, motor car, accommodation, subsistence and other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Performance and other bonuses	-	-
Long-service awards	-	-
Other employee related costs	-	-
Total Employee Related Costs	5 803 561	4 888 213
There were no advances to employees / Loans to employees are set out in note 3.		
Remuneration of the Municipal Manager		
Annual Remuneration	104 346	-
Performance- and other bonuses	14 960	-
Travel, motor car, accommodation, subsistence and other allowances	249 291	-
Contributions to UIF, Medical and Pension Funds	-	-
Total	368 597	-
Remuneration of the Chief Finance Officer		
Annual Remuneration	104 346	-
Performance- and other bonuses	13 454	-
Travel, motor car, accommodation, subsistence and other allowances	138 208	-
Contributions to UIF, Medical and Pension Funds	-	-
Total	256 008	-
Remuneration of Individual Executive Directors	Corporate Services R	Community Services R
2010		
Annual Remuneration	151 788	151 788
Performance- and other bonuses	12 649	12 649
Travel, motor car, accommodation, subsistence and other allowances	90 742	90 742
Contributions to UIF, Medical and Pension Funds	-	-
Total	255 179	255 179
2009	Corporate Services R	Community Services R
Annual Remuneration	-	-
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	-	-
Contributions to UIF, Medical and Pension Funds	-	-
Total	-	-

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	2010 R	2009 R
34 REMUNERATION OF COUNCILLORS		
Mayor	521 634	-
Councillors	648 096	-
Councillors' pension and medical aid contributions	-	-
Councillors' allowances	-	-
Total Councillors' Remuneration	1 169 730	-
In-kind Benefits		
The Mayor is full-time and is provided with an office and secretarial support at the cost of the Council.		
The Mayor has use of the Council owned vehicle for official duties.		
35 DEPRECIATION AND AMORTISATION EXPENSE		
Property, plant and equipment	1 032 431	-
Intangible assets	-	-
Investment property carried at cost	-	-
Biological assets carried at cost	-	-
Total Depreciation and Amortisation	1 032 431	-
36 FINANCE COSTS		
Borrowings	-	-
Consumer deposits	-	-
Bank overdrafts	-	-
Total Finance Costs	-	-
37 BULK PURCHASES		
Electricity	-	-
Water	-	-
Total Bulk Purchases	-	-
38 CONTRACTED SERVICES		
Contracted services for:		
WP Bezuidenhoudt - Rietfontein Administration Building	279 392	
SFC Slabbert - Philandersbron Multi Purpose Centre	315 406	
	594 799	-
39 GRANTS AND SUBSIDIES PAID		
Grant/subsidy to xxx	-	-
	-	-

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	2010 R	2009 R
40 GENERAL EXPENSES		
Included in general expenses are the following:-		
Advertising	12 221	-
Admin fees	-	-
Audit fees	130 585	-
Bank charges	44 038	-
Bursaries	-	-
Cleaning	27 713	-
Conferences and delegations	-	-
Connection charges	-	-
Consulting fees	-	-
Consumables	-	-
Debt collection commission	-	-
Departmental consumption	165 830	-
Entertainment	40 541	-
Financial management grant	714 012	-
Fuel and oil	178 964	-
Insurance	200 179	-
Legal expenses	144 157	-
Levies paid	-	-
Licence fees - vehicles	13 025	-
Licence fees - computers	-	-
Membership fees	40 419	-
Parking	-	-
Postage	28 408	-
Printing and stationery	28 226	-
Professional fees	-	-
Rental of buildings	130 337	-
Rental of office equipment	-	-
Rental of computer equipment	-	-
Other rentals	-	-
Security costs	-	-
Sewerage treatment costs	-	-
Skills development levies	18 355	-
Stocks and material	-	-
Subscription & publication	-	-
Telephone cost	91 374	-
Training	-	-
Transport claims	-	-
Travel and subsistence	613 655	-
Uniforms & overalls	13 147	-
Valuation costs	-	-
Other	2 031 262	-
	4 666 448	-
41 GAIN / (LOSS) ON SALE OF ASSETS		
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property	-	-
Biological assets	-	-
Other financial assets	-	-
Total Gain / (Loss) on Sale of Assets	-	-

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	2010 R	2009 R
42 IMPAIRMENT LOSS / (REVERSAL OF IMPAIRMENT LOSS)		
Property, plant and equipment	-	-
Total Impairment loss / (Reversal of Impairment Loss)	<u>-</u>	<u>-</u>
Value in use		
Fair value less cost to sell		
Sensitivity of key assumptions		

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	2010 R	2009 R
43 PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT		
Investment property carried at fair value	-	-
Biological assets carried at fair value	-	-
Other financial assets	-	-
Other financial liabilities	-	-
Total Profit / (Loss) on Fair Value Adjustment	-	-

44 CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year	(264 124)	1 807 381
Adjustment for:-		
Depreciation and amortisation	1 032 431	-
(Gain) / loss on sale of assets	-	-
Contribution to provisions - non-current		
Contribution to provisions - current	2 000 000	
Finance costs	39 406	225 426
Fair value adjustments	(226 276)	-
Impairment loss / (reversal of impairment loss)	-	-
Interest earned	-	-
Other non-cash item	15 185	
Operating surplus before working capital changes:	2 596 623	2 032 807
(Increase)/decrease in inventories		
(Increase)/decrease in trade receivables	-195901.8	
(Increase)/decrease in other receivables	98 025	
(Increase)/decrease in VAT receivable	299 382	
Increase/(decrease) in conditional grants and receipts	2 452 472	
Increase/(decrease) in trade payables	(405 149)	
Increase/(decrease) in consumer deposits		
Increase/(decrease) in VAT payable		
Other asset		
Other liability	(122 983)	
Cash generated by/(utilised in) operations	4 722 467	2 032 807

45 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	-	-
Bank overdrafts	(521 627)	-
Net cash and cash equivalents (net of bank overdrafts)	(521 627)	-

46 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see Note 22)	
Used to finance property, plant and equipment – at cost	
Sub- total	
Cash set aside for the repayment of long-term liabilities	
Cash invested for repayment of long-term liabilities	

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	2010 R	2009 R
47 CHANGE IN ACCOUNTING POLICY		
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and changes to existing policies:		
47.1 Statutory Funds		
Balance previously reported: -		
Revolving Fund		302 733
Land Trust Fund		
Parking Development Fund		
Loans redeemed and other capital receipts		20 858 020
Total	-	21 160 753
Implementation of GRAP		
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)		21 160 753
Transferred to Government Grant Reserve		
Transferred to Capitalisation Reserve		
47.2 Provisions and Reserves		
Balance previously reported		
Total	-	3 756 512
Implementation of GRAP		
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)		3 756 512
47.3 Inventory		
Balance previously reported		
Implementation of GRAP		
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)		
Change from first-in-first-out to weighted average method		
Total	-	-
47.4 Non-current provisions		
Balance previously reported -		
Implementation of GRAP		
Transferred to Accumulated Surplus/(Deficit) (see 47.7 below)		
Long-service		
Total	-	-
47.5 Property, plant and equipment		
Balance previously reported		
Implementation of GRAP		
Infrastructure previously not recorded credited to Accumulated Surplus/(Deficit) (see 47.7 below)		134 175 866
Total	-	134 175 866
47.6 Accumulated Depreciation		
Balance previously reported -		
Implementation of GRAP		
Backlog depreciation: Land and buildings		
Backlog depreciation: Infrastructure		8 603 617
Backlog depreciation: Community		
Backlog depreciation: Other		2 170 466
Total (debited to Accumulated Surplus/(Deficit)) (see 47.7 below)	-	10 774 083
47.7 Accumulated Surplus/(Deficit)		
Implementation of GRAP		
Adjustments to inventory (see 47.3 above)		
Excessive provisions and reserves no longer permitted (see 47.2 above)		3 756 512
Non-current provisions previously not recognised (see 47.4 above)		
Transferred from statutory funds (see 47.1 above)		21 160 753
Fair value of Property, Plant and Equipment previously not recorded (see 47.5 above)		134 175 866
Backlog depreciation (see 47.6 above)		(10 774 083)
Total	-	148 319 047

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

2010
R

2009
R

48 CORRECTION OF ERROR

During the year ended 30 June 2010 previous year audit queries i.r.o creditors, cashbook and Vat have been rectified.

Net effect on surplus/(deficit) for the year

(211 091)

49 CHANGE IN ESTIMATE

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

50 DISALLOWED

50.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance
Unauthorised expenditure current year
Approved by Council or condoned
Transfer to receivables for recovery
Unauthorised expenditure awaiting authorisation

- -

Incident	Disciplinary steps/criminal proceedings
----------	---

Unbudgeted expenditure	Disciplinary hearing held on xxx
------------------------	----------------------------------

50.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance -
Fruitless and wasteful expenditure current year
Condoned or written off by Council
To be recovered – contingent asset (see note 55)
Fruitless and wasteful expenditure awaiting condonement

- -

Incident	Disciplinary steps/criminal proceedings
----------	---

VAT penalty	Disciplinary hearing on xxx
-------------	-----------------------------

50.3 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance
Fruitless and wasteful expenditure current year
Condoned or written off by Council
Transfer to receivables for recovery – not condoned
Irregular expenditure awaiting condonement

- -

Incident	Disciplinary steps/criminal proceedings
----------	---

Non-adherence to Supply Chain	Disciplinary hearing
-------------------------------	----------------------

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	2010 R	2009 R
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE		
51 MANAGEMENT ACT		
51.1 Contributions to organised local government		
Opening balance		
Council subscriptions		
Amount paid - current		
Amount paid - previous years		
Balance unpaid (included in payables)	-	-
51.2 Audit fees		
Opening balance	517 983	155 563
Current year audit fee	801 214	362 421
Amount paid - current year		
Amount paid - previous years		
Balance unpaid (included in payables)	1 319 198	517 983
The balance unpaid represents the audit fee for an interim audit conducted during May and June 20X2 and is payable by 31 July 20X2.		
51.3 VAT		
VAT input receivables and VAT output payables are shown in note 18. All VAT returns have been submitted by the due date throughout the year.		
51.4 PAYE, UIF AND SDL		
Opening balance		
Current year payroll deductions	863 891	
Amount paid - current year	(634 927)	
Amount paid - previous years		
Balance unpaid (included in payables)	228 964	-
The balance represents PAYE and UIF deducted from the June 20X2 payroll. These amounts were paid during July 20X2.		
51.5 Pension and Medical Aid Deductions		
Opening balance		
Current year payroll deductions and Council Contributions	800 061	
Amount paid - current year	(800 061)	
Amount paid - previous years		
Balance unpaid (included in payables)	(0)	-
The balance represents pension and medical aid contributions deducted from employees in the June 20X2 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 20X2.		
51.6 Councillor's arrear consumer accounts		
The following Councillors had arrear accounts outstanding for more than 90 days as at: -	Outstanding less than 90 days R	Outstanding more than 90 days R
as at 30 June 2010		
Mayor: SK Coetzee	585	5 623
Councillor: N Joseph	628	957
Councillor: BJ Snyders	395	
Councillor: PJJ Smith	170	
Total Councillor Arrear Consumer Accounts	1 778	6 580
as at 30 June 2009		
Mayor: SK Coetzee	750	2 866
Councillor: N Joseph	706	1 365
Councillor: BJ Snyders	465	
Councillor: PJJ Smith	653	308
Total Councillor Arrear Consumer Accounts	2 575	4 539
During the year the following Councillors had arrear accounts outstanding for more than 90 days.	Highest Amount Outstanding R	Ageing Days
as at 30 June 2010		
Mayor: SK Coetzee	5 623	120 days
Councillor: N Joseph	957	120 days

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	2010 R	2009 R
51.7 as at 30 June 2009		
Mayor: SK Coetzee	2 866	120 days
Councillor: N Joseph	1 365	120 days
Councillor: PJJ Smith	308	120 days

52 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

52.1

CAPITAL COMMITMENTS

Commitments in respect of capital expenditure

- Approved and contracted for

Infrastructure	3 557 666	-
Community	141 806	
Heritage	3 415 860	
Other		

- Approved but not yet contracted for

Infrastructure	2 241 141	-
Community	2 241 141	
Heritage		
Other		

Total

5 798 807	-
-----------	---

This expenditure will be financed from:

- External Loans
- Government Grants

52.2 - Own resources
- District Council Grants

-	-
---	---

Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year
In the second to fifth year inclusive
After five years

Total

-	-
---	---

Total future minimum sublease payment expected to be received under non-cancellable sublease

Operating Leases consists of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable / Contingent rent is payable based on x% of the municipality's sales.

Operating leases – as lessor

Minimum lease payments due

Within one year
In second to fifth year inclusive

After five years

Total

-	-
---	---

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	2010 R	2009 R
53 Operating Leases consists of the following: Certain of the municipality's equipment is held to generate rental income. Rental of equipment is expected to generate rental yields of -% on an ongoing basis. Lease agreements are non-cancellable and have terms from 3 to 6 years. There are no contingent rents receivable / Contingent rent is receivable based on x% of the municipality's sales which amounts to R -.		
53.1		

RETIREMENT BENEFIT INFORMATION

53.2

Defined contribution plan

The following are defined contribution plans: xxxxxxxxxxxxxxxx. These contributions have

Defined benefit plan

The following are defined benefit plans SAMWU. These are not treated as defined benefit plans as defined by IAS19, but are accounted for as defined contribution plans. This is in line with the exemption in IAS 19 par. 30 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of detail.

Certain employees of the municipality belong to the xxx Fund, a multi-employer plan / state plan. The most recent actuarial valuation was done on x. These valuations indicate that the plan is in a sound financial position. The estimated liabilities of the fund are Rx million which are adequately funded by assets of Rx million.

54	An amount of Rxxx (20X0 : Rxxx) was contributed by Council in respect of Councillors and employees retirement funding. These contributions have been expensed and are included in employee related costs for the year.
54.1	

CONTINGENT LIABILITY

55	Claim for damages	<u>None</u>
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56	CONTINGENT ASSET	<u>None</u>
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IN-KIND DONATIONS AND ASSISTANCE

57	The Municipality received the following in-kind donations and assistance
----	--

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	2010 R	2009 R
RELATED PARTIES		
Joint Ventures		
Associates		
Members of key management		22 700
Close family member of key management		
Post employment benefit plan for employees of municipality and/or other related parties		
Other related party relationships		
Compensation to councillors and other key management (refer to note 33 & 34)		
Related party balances		
Loan accounts - Owing (to) by related parties		
<i>insert related party</i>		
Amounts included in Trade receivable (Trade payable) regarding related parties		
<i>insert related party</i>		
Related party transactions		
Interest paid to (received from) related parties		
<i>insert related party</i>		
Loans to (from) related parties		
<i>insert related party</i>		
58 Purchases from (sales to) related parties		
<i>insert related party</i>		
59 EVENTS AFTER THE REPORTING DATE		
	None	
KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS		
The following areas involve a significant degree of estimation uncertainty:		
Useful lives and residual values of property, plant, and equipment		
Recoverable amounts of property, plant and equipment		
Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)		
Present value of defined benefit obligation		
Fair value of plan assets		
Provision for doubtful debts		
Impairment of assets		
Provision for long-term service award		
Other		
The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:		
Impairment of assets		
60 Provisions		
Other		
60.1		
RISK MANAGEMENT		
Maximum credit risk exposure		

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

2010
R

2009
R

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

60.2

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Liquidity risk

60.3

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

60.4 Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Other price risk

MIER MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	2010 R	2009 R
61	None	

RESTATEMENT OF COMPARATIVE INFORMATION

Even though that it is the first time that the Municipality prepared its financial statements in the GRAP format comparative information were also converted to
62 GRAP standards where possible.

COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2)

MIER MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2010

	Loan number	Redeemable Date	Balance at 30 June 2009	Received during the period	Redeemed / written off during the period	Balance at 30 June 2010	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
EXTERNAL LOANS			R	R	R	R	R	R
LONG-TERM LOANS								
DBSA TIP Loan		August 2010	(870 057)	(454 037)	149 917	(1 174 177)		
Total long-term loans								
ANNUITY LOAN								
GOVERNMENT LOANS								
- Other @ x%								
Total Government Loans								
TOTAL EXTERNAL LOANS								

MIER MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	
Executive & Council	134 682 400	2 996 368			137 678 768	12 343			12 343	137 666 425
Finance & Admin	1 295 773	-			1 295 773	1 066 948			1 066 948	228 825
Planning & Development					-				-	-
Health					-				-	-
Community & Social Services					-				-	-
Public Safety					-				-	-
Sport & Recreation					-				-	-
Environmental Protection					-				-	-
Waste Management	1 046 800				1 046 800	575 740			575 740	471 060
Road Transport					-				-	-
Water	5 084 128	1 192 712			6 276 840	2 493 919			2 493 919	3 782 921
Electricity					-				-	-
Other	9 222 000				9 222 000	5 086 332			5 086 332	4 135 668
Total	151 331 101	4 189 080	-	-	155 520 180	9 235 282	-	-	9 235 282	146 284 898

MIER MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2010

2009	2009	2009		2010	2010	2010	
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)	
R	R	R		R	R	R	
7 083 341	6 428 742	(6 428 742)	Executive & Council		1 480 775	(1 480 775)	Raadsuitgawe
		7 083 341	Finance & Admin	12 044 353	9 186 798	2 857 555	Bel * Alg Dienste
			Planning & Development				
			Health				
			Community & Social Services				
			Public Safety				
			Sport & Recreation				
			Environmental Protection				
1 213 168	1 098 212	114 956	Waste Management	-	1 489 639	(1 489 639)	Reiniging
			Road Transport				
830 000	1 279 046	(449 046)	Water	874 823	1 494 680	(619 857)	Water
			Electricity				
	1 057 981	(1 057 981)	Other		1 747 872	(1 747 872)	Raadsuitgawe/Publieke
9 126 509	9 863 981	(737 472)		12 919 177	15 399 764	(2 480 587)	
			Less: Inter-Department Charges				
9 126 509	9 863 981	(737 472)	Total	12 919 177	15 399 764	(2 480 587)	

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APPENDIX E(1)
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

REVENUE	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget (Explanations to be recorded)
Property rates	712 416.69	648 346.00	64 071	9.88	
Property rates - penalties imposed and collection charges	-	-	-	-	
Service charges	2 372 112.37	2 549 448.00	(177 336)	(6.96)	
Rental of facilities and equipment	212 545.77	440 578.00	(228 032)	(51.76)	Rental agreement on Guesthouse expired - Not renewed
Interest earned - external investments	-	-	-	-	
Interest earned - outstanding debtors	-	-	-	-	
Fines	-	-	-	-	
Licences and permits	-	-	-	-	
Government grants and subsidies	11 386 821.82	15 907 787.00	(4 520 965)	(28.42)	
Other income	444 986	1 264 103.00	(819 117)	(64.80)	
Public contributions, donated/contributed PPE	-	-	-	-	
Gains on disposal of property, plant and equipment	-	-	-	-	
Total Revenue	15 128 882	20 161 916	(5 745 450)		
EXPENDITURE					
Executive & Council	1 480 775	1 569 793	(89 018)	(5.67)	
Finance & Admin	9 180 041	9 333 515	(153 474)	(1.64)	
Waste Management	1 489 639	1 370 288	119 351	8.71	
Water	1 494 680	3 861 508	(2 366 828)	(61.29)	
Other	1 747 872	6 249 712	(4 501 840)	(72.03)	
Information Technology					
Engineering Services					
O & M Unit					
Housing Unit					
Property & Security					
Infrastructure Sec 12(6)b					
District Management Area					
Disaster Management					
Tourism					
Environmental Health					
Total Expenditure	15 393 006	22 384 816	(6 991 810)		
NET SURPLUS/(DEFICIT) FOR THE YEAR	(264 124)	(2 222 900)	1 246 360		

APPENDIX E(2)
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010

	2010 Actual	2010 Under Construction	2010 Total Additions	2010 Budget	2010 Variance	2010 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	(Explanations to be recorded)
Executive & Council	134 682 400		2996367.65				Funding was not acquired
Finance & Admin	1 295 773		-	-	-	-	
Planning & Development			-	-	-	-	
Health			-	-	-	-	
Community & Social Services			-	-	-	-	
Public Safety			-	-	-	-	
Sport & Recreation	-		-	-	-	-	
Environmental Protection			-	-	-	-	
Waste Management	1 046 800		-	-	-	-	
Road Transport			-	-	-	-	
Water	5 084 128		1 192 711.86	-	-	-	
Electricity			-	-	-	-	
Other	9 222 000		-	-	-	-	
			-	-	-	-	
	-						
TOTAL	16 648 701	-	1 192 711.86	-	-	-	

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